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NEWS RELEASE

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FOR RELEASE _____ July 18, 2014

Auditor of State Mary Mosiman today released a report on a special investigation of the University of Iowa (University) Athletic Ticket Office (Ticket Office) and the operations of the Hawkeye Express for the period September 1, 2005 through November 30, 2013. The Ticket Office is responsible for the sale of tickets to various athletic events administered by the Athletics Department. In addition, the Ticket Office sells tickets to ride the Hawkeye Express, a train used to transport fans from the Depot (near Coral Ridge Mall in Coralville, IA) to Kinnick Stadium on football game days. The special investigation was requested by University officials after an internal audit determined collections for Hawkeye Express tickets had not been deposited for 2 game days in 2011.

Mosiman reported all collections for Hawkeye Express tickets were not deposited for 3 football games in 2011. None of the collections were deposited for the games against Tennessee Tech and Michigan State on September 3, 2011 and November 12, 2011, respectively. In addition, not all collections were deposited for the September 24, 2011 game against the University of Louisiana-Monroe. The estimated undeposited collections for the 3 games total \$74,200.00.

Mosiman also reported the collections from the September 11, 2010 game against Iowa State University were deposited with the sales from the Ball State University game on October 14, 2010. Ticket proceeds are to be deposited during the week following the football game. However, Mosiman reported the ticket proceeds for 31 game days were not deposited within the following week. The number of days between the game day and the date the ticket proceeds were deposited for the 31 game days ranged from 9 days to 157 days.

Mosiman also reported it is not possible to determine if additional collections at the Depot were not deposited because reconciliations were not performed at the Depot prior to the 2012 football season.

The report includes recommendations to strengthen internal controls, including segregating duties for the recording and depositing of ticket sales, performing reconciliations of ticket sales to deposits, and improving cash handling procedures.

Copies of the report have been filed with the Board of Regents Office of Internal Audit, the University's Department of Public Safety, the Division of Criminal Investigation, the Johnson County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1461-8010-BE03.pdf>.

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**REPORT ON SPECIAL INVESTIGATION OF THE
UNIVERSITY OF IOWA ATHLETIC TICKET OFFICE
AND HAWKEYE EXPRESS**

**FOR THE PERIOD
SEPTEMBER 1, 2005 THROUGH NOVEMBER 30, 2013**

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Auditor of State's Report

To the Members of the Board of Regents,
State of Iowa:

As a result of alleged improprieties regarding deposits of ticket proceeds for the Hawkeye Express and at the request of University of Iowa (University) officials, we conducted a special investigation of certain operations of the University's Athletic Ticket Office (Ticket Office). We have applied certain tests and procedures to selected transactions processed by the Ticket Office for the period September 1, 2005 through November 30, 2013, unless otherwise noted. Based on a review of relevant information and discussions with Ticket Office personnel and University officials, we performed the following procedures:

- (1) Interviewed Ticket Office personnel to obtain an understanding of the job duties of individual positions within the Ticket Office and the responsibilities of part-time staff who sell tickets for the Hawkeye Express.
- (2) Evaluated internal controls over collections by the Ticket Office to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Obtained and reviewed Internal Audit reports related to the Ticket Office and the operations of the Hawkeye Express.
- (4) Compared the dates of home football games to deposits recorded in the University's accounting system to determine whether collections were deposited and to determine the timeliness of the deposits.
- (5) Obtained and reviewed personal bank statements for the period September 1, 2005 through September 30, 2013, or a portion thereof, for accounts held at various financial institutions by certain Ticket Office employees to identify any unusual deposits to their accounts. We also compared the dates of home football games to deposits made to the personal accounts to determine if any correlation could be identified between the games and the deposits.


As a result of the procedures performed, we determined collections for Hawkeye Express tickets, totaling approximately \$74,200.00, were not deposited for 3 football games in 2011. We also determined the ticket proceeds for 31 game days during the 2008 through 2013 football seasons were not deposited in a timely manner.

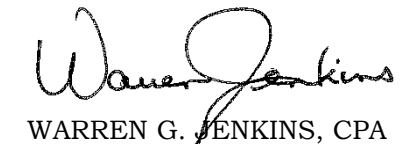
Because sufficient records were not available, it was not possible to determine if additional collections were not deposited. Several internal control weaknesses were also identified. The detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we reviewed all operations of the Ticket Office, other matters might have come to our attention which would have been reported to you.

Copies of this report have been filed with the Board of Regents' Office of Internal Audit, the University's Department of Public Safety, the Division of Criminal Investigation, the Johnson County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the University of Iowa Athletic Ticket Office, the University's Department of Public Safety, and the Board of Regents Office of Internal Audit during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
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June 5, 2014

Report on Special Investigation of the
University of Iowa Athletic Ticket Office
and Hawkeye Express
Investigative Summary

Background Information

The University of Iowa's Department of Intercollegiate Athletics (Athletics Department) mission is "to provide administration and coaching support, facilities, resources, and equipment necessary for student-athletes to graduate from the University of Iowa while participating in broad-based championship caliber athletic competition." The Athletics Department employs over 200 full-time staff.

The Athletics Ticket Office (Ticket Office) is a part of the Athletics Department and is responsible for the sale of tickets to various athletic events administered by the Athletics Department. Oversight of the Ticket Office is provided by the Ticket Operations Director. Ticket Office staff coordinate season ticket and game day ticket sales. Since 2004, Ticket Office staff members have also coordinated ticket sales for the Hawkeye Express, a train used to transport fans from the Depot (near Coral Ridge Mall in Coralville, IA) to Kinnick Stadium (Stadium). Effective with the 2014 football season, ticket sales for the Hawkeye Express will be coordinated by the University's Parking and Transportation Department.

The proceeds collected for season ticket sales, tickets to individual games, and tickets for the Hawkeye Express are to be stored in a safe located in the Ticket Office's vault. The Ticket Office's Operations Director, 2 Assistant Managers, Senior Accountant, Accountant, and interns have access to the safe in the vault.

During a routine internal audit of the Ticket Office, the Office of Internal Audit (Internal Audit) determined the collections for Hawkeye Express tickets for 2 games were not deposited to the University's bank or recorded in the University's accounting system. As the Ticket Office's Accountant, Kathleen Willier oversaw the process of selling tickets for the Hawkeye Express. She was responsible for bundling tickets in sequential order, ensuring sufficient change was on hand at the Depot on game day, ensuring collections for ticket sales were received in the Ticket Office, depositing the collections, and recording the deposits in the University's accounting system. Ms. Willier may have performed these duties herself or assigned a staff member to complete them.

Because the collections for Hawkeye Express tickets for 2 games were not deposited to the University's bank or recorded in the University's accounting system and because Ms. Willier was responsible for these duties, the University terminated her employment effective November 6, 2013.

As a result of the concerns identified, Internal Audit contacted the University's Department of Public Safety and the Office of Auditor of State to report the possible misappropriation of funds from the Ticket Office. We performed the procedures detailed in the Auditor of State's Report for the period September 1, 2005 through November 30, 2013.

Detailed Findings

The procedures identified all collections for Hawkeye Express tickets which were not deposited for 3 football games in 2011. The games and estimated undeposited collections are summarized in **Table 1**.

Table 1		
Description		Estimated Amount
Incomplete deposit for game on 09/24/11	Page 10	\$ 12,300.00
Missing deposits for games on 09/03/11 and 11/12/11	Page 10	61,900.00
Total		<u>\$ 74,200.00</u>

We also determined the collections for the sale of Hawkeye Express tickets for 2 football games were deposited in a single deposit during the 2010 season. Ticket proceeds are to be deposited during the week following the football game. However, we determined the ticket proceeds for 31 game days between September 1, 2005 and November 30, 2013 were not deposited within the following week. The number of days between the game day and the date the ticket proceeds were deposited for the 31 game days ranged from 9 days to 157 days.

A detailed explanation of each finding follows.

OPERATION OF THE HAWKEYE EXPRESS

According to the contract the University established with Iowa Interstate Railroad, LTD (Railroad) for the operation of the Hawkeye Express, the Railroad provides the equipment and personnel to operate the train and the University is responsible for staffing the passenger cars and selling all tickets. The University hires part-time staff during the football season to sell tickets and staff the passenger cars. Some of the staff may also work for the University selling tickets at other athletic events throughout the year.

Each passenger car of the Hawkeye Express can seat approximately 160 people and, with standing room, can accommodate approximately 200 people. In total, the train can hold approximately 1,200 people during each run. According to information from the University, the average number of riders per game ranged from approximately 4,200 to 4,400 during the 2009 through 2013 football seasons.

The Hawkeye Express begins transporting riders from the Depot to the Stadium approximately 3-4 hours before kickoff and continues to run until approximately 30 minutes after kickoff. At the beginning of the 4th quarter, the train begins taking fans from the Stadium back to the Depot and continues to operate until approximately 90 minutes after the end of the game.

Round trip tickets for the Hawkeye Express cost \$12 for adults. Children under the age of 12 are provided a complimentary ("comp") ticket. Comp tickets are also provided to others, such as representatives of the Athletics Department and certain business partners. In addition, through the 2013 season, fans who had a game day reserved parking pass could exchange the pass for 2 round trip tickets.

Through the 2013 football season, Hawkeye Express tickets could be purchased for cash at the Depot on game day. Tickets could also be purchased when football season tickets were ordered, at the Ticket Office, or at local businesses. Individuals who purchased tickets at the Ticket Office or local businesses could pay with cash, checks, debit cards, or credit cards. Local businesses which sold adult tickets for \$12 each purchased the tickets from the Ticket Office at a discounted rate. The difference between the \$12 sales price and the discounted price paid was retained by the local businesses as a handling fee.

Prior to 2012, tickets did not expire and could be used during the current season or future seasons. Beginning with the 2012 season, tickets were dated and could only be used during the current season. At the end of the 2012 season, all unused tickets were destroyed.

INTERNAL AUDIT FINDINGS

In a report dated December 19, 2013, the Office of Internal Audit reported deposits for game day ticket revenue for the Hawkeye Express were not always made in a timely manner and were not identifiable by game. The report stated this contributed to Hawkeye Express ticket sales for 2 games during the 2011 football season not being accounted for. The report did not identify any concerns with the deposit of collections for tickets sold at any location other than the Depot on game day. As previously stated, tickets are only sold for cash at the Depot on game day.

The report issued by Internal Audit included recommendations to ensure deposits are made in a timely manner, identified by game and each home game has a corresponding deposit of ticket collections from the Depot. In addition, the report included recommendations to properly segregate duties related to the collection and deposit of ticket sales and to improve controls over the transfer of cash receipts, unsold tickets, and cash handling.

CONTROLS OVER TICKET SALES AT THE DEPOT

As previously stated, Ms. Willier oversaw the process of selling tickets for the Hawkeye Express. Her duties included ensuring collections for ticket sales were transferred intact from the Depot to the Ticket Office, depositing the collections, and recording the deposits in the University's accounting system. Tickets are sold at the Depot by students and individuals hired for the season. Ms. Willier did not supervise these staff members. Rather, this was done by the Ticket Supervisor, who was a part-time employee with several years of experience.

Based on the interviews we held with staff members from the Ticket Office and Internal Audit staff, we determined the procedures for transporting the collections for the ticket sales from the Depot to the Ticket Office have been modified over the past several football seasons. The procedures in place for each season are described in the following paragraphs.

2005 – 2008 Seasons - For the 2005 through 2008 football seasons, the Ticket Supervisor was responsible for picking up the change fund and Hawkeye Express tickets from the Ticket Office the day before each football game and was responsible for getting the change fund and tickets to the Depot on game day. According to an Athletics Department official, the Ticket Supervisor collected all the cash and unsold tickets at the Depot prior to the last train's departure for the Stadium and delivered them to the Stadium's ticket office.

The cash and unsold tickets were locked in the Stadium's ticket office until the following Monday when Ms. Willier was to retrieve them and take them to the Ticket Office. When the collections were received in the Ticket Office, they were to be stored in the safe in the vault until Ms. Willier counted the proceeds and prepared the deposit. After the deposit was prepared, Ms. Willier was to record an entry in the University's accounting system and take the deposit to the University's bank.

2009 - 2012 Seasons - Beginning with the 2009 football season, arrangements were made with the Coralville Police Department (CPD) to improve the security of the cash and tickets taken to and from the Depot. A staff member from the Ticket Office dropped off the change fund and tickets at the CPD before game day. A CPD officer delivered the tickets and cash to the Depot on game day and picked up cash periodically throughout the day. The final pick up of cash and unsold tickets was to be made by a CPD officer 5 minutes before kickoff.

The cash and unsold tickets from the Depot were secured at the CPD. According to Athletics Department officials, the collections and unsold tickets were to be picked up from the CPD the

next business day and returned to the Ticket Office. Documentation was not available for each game. In addition, the documentation available did not consistently include the date the collections and unsold tickets were picked up from the CPD.

When a CPD officer began delivering and picking up the change fund, game day collections and tickets, the officers required the Ticket Office staff members who delivered the tickets and change fund to the CPD to sign a form indicating the transfer. The CPD also required a form be signed when a Ticket Office staff member picked up the unsold tickets and collections after the game. We reviewed the forms available and determined the forms were not consistently signed. The form also did not include the signature or initials of the individual who received the change fund and tickets on game day or the CPD officer who picked up the collections at the end of the game.

When the collections were received in the Ticket Office, they were to be stored in the safe in the vault until Ms. Willier counted the proceeds and prepared the deposit. After the deposit was prepared, Ms. Willier was to record an entry in the University's accounting system and take the deposit to the University's bank. Ms. Willier was responsible for these duties, but may have delegated them to a staff member. Deposit documentation does not specify who made each deposit.

Representatives of Internal Audit conducted an interview with Ms. Willier to obtain an understanding of the procedures related to Hawkeye Express ticket sales during the 2009 and subsequent football seasons. According to notes taken by the Internal Audit staff during the interview with Ms. Willier, she described the process as follows:

- The Ticket Office maintains a \$20,000 cash fund in the Ticket Office in order to make change and provide a change fund for the Depot on game day and other athletic events. The amount of change provided to the Depot varies based on the opponent. Prior to the game, Ms. Willier, or a designated staff person, prepared the change fund and the tickets for the Depot and took them to the CPD.
- On game day, CPD officers delivered the change fund and ticket bundles to the Depot. The change fund was kept in locked bank bags and placed in a plastic container along with the tickets. The key to the bank bags was in the container so staff could open the bags during game day. During the 2012 season, CPD officers began having Ms. Willier sign a form when she delivered the cash and tickets. She also signed the form when she picked up the cash and tickets after the game.
- At the end of the game, CPD officers picked up the cash and remaining tickets and stored them at the CPD until Ms. Willier picked them up. The change fund was returned with the ticket proceeds from the CPD and placed in the safe.
- According to Ms. Willier, she picked up the cash on Monday or Tuesday following a game day. However, she reported an instance in 2012 when a staff person brought the cash and tickets back to the Ticket Office on game day because CPD officers were unavailable due to an emergency situation.
- When Ms. Willier returned to the Ticket Office after picking up the cash and tickets from CPD, she counted the cash and prepared the deposit unless there were other pressing duties. In this case, the bags were left locked and placed in the safe. According to Ms. Willier, she tried to deposit the collections to the University's bank on the Monday or Tuesday following a game day.
- After Ms. Willier was done counting 2012 proceeds, the Senior Accountant compared the actual deposit to the expected amount of collections calculated based on the number of tickets sold. Prior to 2012, this comparison was not performed.

Tickets are sequentially numbered and kept in the safe until needed. Based on interviews with Ticket Office staff members, Ms. Willier removed tickets from the safe prior to game day and gave them to the Senior Accountant. The Senior Accountant recorded the range of ticket numbers and placed them in a box given to the CPD. When the proceeds from the ticket sales and unused tickets were returned to the Ticket Office after the game, the Senior Accountant counted the tickets to determine how many were sold. The Senior Accountant then calculated how much should have been collected based on the tickets sold. The calculated total was compared to the actual amount collected and deposited. According to the Senior Accountant, the amount never reconciles, but is usually within \$150 - \$200 dollars.

During the interview Internal Audit staff conducted with Ms. Willier, she stated she became aware riders could reuse Hawkeye Express tickets because the tickets were not torn by staff working the train. In addition, the tickets distributed prior to the 2012 season did not include an expiration date so they could be used in subsequent seasons. As a result of the audit and the additional concerns, Ms. Willier and a co-worker implemented a reconciliation process in 2012.

Because reconciliations of the number of tickets sold to the actual amount collected were not performed prior to 2012 and tickets could be reused, it is not possible to determine if additional collections were not deposited.

2013 Season – The Athletic Business Office Student Assistant prepared and documented ticket stock, start-up cash, a blank deposit slip, and numbered zip ties in advance of each game. The ticket stock was then sealed in tamper-proof bags, cash was put in a cash drawer, and these were placed in tubs along with a blank deposit slip and some numbered zip ties. The tubs were then sealed with numbered zip ties to ensure no tampering during transit. The sealed tubs were picked-up by an armored car company the day before the game. The armored car company secured the tubs in its vault Friday night and then took them to the Depot on Saturday morning.

At the end of the day, the ticket stock and cash were placed in the tub and sealed with the numbered zip ties. The zip tie numbers are documented for bank staff. The ticket sellers retained a number of tickets and a small amount of change cash in a lockable cash bag for last minute sales and, upon completion, gave the remaining tickets and cash to the Kinnick Stadium ticket office for safekeeping over the weekend. After the game started, the armored car company picked up the tub and secured it in its vault for the weekend.

On Monday following the game, the armored car company transported the money and a University deposit ticket to the bank for deposit. Bank personnel separated the start-up money from the deposit and secured the tubs again with zip ties. The armored car company then returned all unsold tickets, the start-up cash, and the completed bank deposit slip to the Athletics Department. The start-up cash was counted by Ms. Willier or, when Ms. Willier was busy, another staff person. The cash was then secured in the Ticket Office safe. Then Ms. Willier would enter the deposit amount into the University's accounting system. A second deposit was prepared for any last minute ticket sales which were made and stored in the Kinnick Stadium ticket office. The Athletic Business Office Student Assistant documented the returned tickets, compared them to the tickets sent out, and reconciled the change in tickets to the cash deposits made. The Senior Accountant then verified the cash deposits were properly recorded in the University's accounting system.

UNDEPOSITED TICKET SALES FROM THE DEPOT

To determine if proceeds of ticket sales for the Hawkeye Express were deposited in the University's bank account and recorded in the University's accounting system for each home game, we compiled a list of home games for the 2005 through 2013 football seasons. We also obtained information regarding deposits made to the University's bank account from the University's accounting system.

Exhibit A lists the home games, the related attendance figures, the number of riders reported for the Hawkeye Express, the amount deposited for Hawkeye Express ticket sales at the Depot, and the date the deposit was made. The **Exhibit** also includes the average amount deposited per rider. As illustrated by the **Exhibit**, most of the averages are significantly less than the \$12 ticket price. This is because the number of riders reported includes those using comp tickets.

Incomplete Deposit – Table 2 summarizes the average amount deposited per rider for the 2008 through 2013 seasons. The averages for each year are listed in **Exhibit A**. As illustrated by the **Table**, the average amount deposited for the 2008 and 2009 seasons was between \$5.11 and \$6.59 per rider. With the exception of 1 game in the 2011 season, the average amount deposited during the 2010 through 2013 seasons ranged from \$6.11 to \$8.40 per rider.

Table 2	
Football Season	Average Amount Deposited per Rider
2008	\$5.11 - \$6.43
2009	\$5.61 - \$6.59
2010	\$6.11 - \$7.57
2011	\$4.99 – \$8.40
2012	\$6.67 – \$7.93
2013	\$6.51 - \$7.42

As illustrated by **Exhibit A**, the amount deposited for the September 24, 2011 game against the University of Louisiana-Monroe was \$4.99 per rider. This amount is significantly lower than the average amount per rider for any other game. As the **Exhibit** illustrates, only the game against Tennessee Tech had more riders during the 2011 season. However, the amount deposited for the University of Louisiana-Monroe game was the lowest of any of the games during the season. In addition, 30 days elapsed between the day of the game and the date the collections were deposited. Based on these factors, it appears not all of the ticket sale proceeds at the Depot were deposited for the game. Athletics Department staff could not identify any specific event which would cause the decrease in the average cost per ticket for the University of Louisiana-Monroe game.

To estimate the amount of collections from the Depot which were not deposited for the game, we calculated the average amount deposited per rider for the remaining 2011 football games. We then multiplied the \$7.49 per rider average by the 4,918 riders, compared the result to the \$24,540.00 deposited, and rounded the estimated undeposited collections to \$12,300.00. The estimated undeposited collections are included in **Table 1**.

Missing Deposits - As shown by **Exhibit A**, a separate deposit was not identified for the Iowa State University football game on September 11, 2010. However, it appears the October 14, 2010 deposit includes ticket proceeds from both the Iowa State University and the Ball State University football games. As illustrated by the **Exhibit**, the average amount deposited per rider ranged from \$6.19 to \$7.57 for the 2010 home football games, excluding the games against Iowa State University and Ball State University. The average amount deposited per rider on October 14, 2010 was \$11.87.

The **Exhibit** also shows deposits were not made for the Tennessee Tech game on September 3, 2011 and the Michigan State game on November 11, 2011. According to Ms. Willier's statements to Internal Audit, she combined multiple games into single deposits because she was busy with other things. This explanation cannot be supported for the following reasons:

The following timeline summarizes the dates of home football games and the dates proceeds of ticket sales at the Depot were deposited.

- 09/03/11 – Game against Tennessee Tech
- 09/17/11 – Game against Pittsburgh
- 09/24/11 – Game against University of Louisiana-Monroe
- 10/15/11 – Game against Northwestern
- 10/19/11 – 1st deposit of the season
- 10/22/11 – Game against Indiana
- 10/24/11 – 2nd deposit of the season
- 10/26/11 – 3rd deposit of the season
- 11/02/11 – 4th deposit of the season
- 11/05/11 – Game against Michigan
- 11/10/11 – Last deposit of the season
- 11/21/11 – Game against Michigan State

As illustrated by the timeline, there were no deposits made after November 10, 2011 for the 2011 season. The next deposit of ticket sales from the Depot was made on September 14, 2012, during the week following the game with Iowa State University on September 8, 2012. Because the Michigan State game was held on November 21, 2011, the proceeds from the ticket sales for the game could not have been deposited with any other games during the 2011 season.

Because the final deposit of tickets sold at the Depot during the 2011 season was prior to the final football game, Internal Audit staff asked Ms. Willier about the ticket proceeds from the Depot for the Michigan State game. She responded maybe the proceeds were deposited to an incorrect account. As a result, we reviewed all deposits between \$20,000 and \$60,000 recorded in the University's accounting system from July 1, 2011 to June 30, 2012. The deposits reviewed included those in both the Athletics and other University Departments. The last deposit recorded in the University's accounting system by Ms. Willier was on November 10, 2011 and was for the Hawkeye Express. The remaining deposits were all made by other Ticket Office staff members and included descriptions which documented they were not related to the Hawkeye Express. Based on our testing, we determined the collections from the Depot for these games were not deposited in the proper account.

To estimate the amount of collections from the Depot which were not deposited for the Tennessee Tech and Michigan State football games, we calculated the average amount of collections deposited for the remaining 2011 football games, excluding the game against the University of Louisiana-Monroe. The \$30,962.50 average for the 2011 games is reasonable when compared to the 2010 average of \$33,263.33 per game and the 2012 average of \$30,730.96 per game. We then multiplied the \$30,962.50 average for 2011 by 2 for the 2 games. We also rounded the result to \$61,900.00 to estimate the amount of undeposited collections. The estimated undeposited collections are included in **Table 1**.

As illustrated by **Exhibit A**, the number of riders reported for the games against Tennessee Tech and Michigan State totaled 5,240 and 4,068, respectively, for a total of 9,308. When the estimated \$61,900 of undeposited collections is divided by the 9,308 riders, the average collection per rider is \$6.65, which is less than the typical averages for the remaining 2011 football games. As a result, the estimated undeposited collections are reasonable, but are likely conservative.

Internal Audit staff also asked Ms. Willier about the decrease in revenue in 2011 when compared to 2010. She stated the decrease was probably a result of lower ridership and people reusing tickets. However, the number of riders reported by the Ticket Office for 2010 and 2011 show the number of riders increased by 76, from 30,667 in 2010 to 30,743 in 2011. The University hosted 7 games in both 2010 and 2011. As a result, Ms. Willier's explanation is not supported.

We reviewed Ms. Willier's personal bank accounts to determine if Ms. Willier made cash deposits to her accounts. We identified cash deposited to a joint account held by Ms. Willier and her husband. However, less than \$500 of cash was deposited to the account after May 15, 2008. According to the records available from the bank, the deposits were made by Ms. Willier's husband. We did not identify any cash deposits from September 1, 2011 through December 31, 2011.

We also reviewed personal bank accounts of several other Ticket Office staff. We identified several small cash deposits in the accounts between September 1, 2011 and December 31, 2011. However, none of the cash deposits were made near the time of the games against Tennessee Tech and Michigan State.

TIMELINESS OF DEPOT TICKET SALES DEPOSITS

In accordance with the University's policy, ticket proceeds are to be deposited during the week following the football game. As noted previously, 4 games were held between September 3, 2011 and October 15, 2011 before the first deposit of proceeds from tickets sold at the Depot was made. **Exhibit A** shows the number of days between the 2005 through 2013 home games and the date proceeds from ticket sales at the Depot were deposited.

As illustrated by the **Exhibit**, the number of days between the game and deposits ranged from 3 days after the game up to 157 days after the game. The ticket proceeds for 31 game days were not deposited within the following week. For 12 games, the related deposit was made more than 3 weeks after the game. **Table 3** lists the 8 games for which the deposit was made a month or more after the game.

Table 3

Game Date	Opponent	Date of Deposit	Number of Days Between Game and Deposit
09/24/11	LA-Monroe	10/24/11	30
09/17/11	Pittsburgh	10/19/11	32
10/23/10	Wisconsin	11/29/10	37
10/22/05	Michigan	11/30/05	39
10/02/10	Penn State	11/15/10	44
10/30/10	Michigan State	01/06/11	68
11/20/10	Ohio State	01/31/11	72
11/19/05	Minnesota	04/25/06	157

The overall average number of days between the game day and the actual deposit is 18 days. As stated previously, Ms. Willier told Internal Audit staff the collections were to be picked up from the CPD the first business day after the game and returned to the Ticket Office and a deposit was to be prepared. Based on this explanation, the deposits should have been made either on the Monday or Tuesday following a Saturday game (2-3 days).

MANAGEMENT OVERSIGHT

As previously stated, Ms. Willier oversaw the process of selling tickets for the Hawkeye Express. She was responsible for ensuring unsold tickets from the Depot and collections for ticket sales were received in the Ticket Office in a timely manner, the collections were deposited intact, and the collections were properly recorded in the University's accounting system for each individual game.

If Ms. Willier did not perform these duties herself, she was responsible for assigning a staff member to complete them and for ensuring the duties were properly carried out. In addition, Ms. Willier's supervisors, including the Ticket Office's Assistant Managers and the Operations Director, were responsible for ensuring Ms. Willier completed these responsibilities.

Because no one independent of the duties for collecting proceeds from the ticket sales at the Depot reviewed the deposits made to the University's bank account and the amounts recorded in the University's accounting records, no one identified the undeposited collections from the 2011 football games in a timely manner. They were not identified until Internal Audit staff reviewed the deposits.

The Ticket Office's management staff have a fiduciary responsibility to exercise authority over the funds collected by the office, provide oversight of the Ticket Office's operations, and maintain the public trust. Oversight is typically defined as "watchful and responsible care". Based on our observations and procedures performed, we determined the management staff of the Ticket Office failed to exercise proper fiduciary oversight. The lack of appropriate fiduciary oversight and the failure to ensure implementation of adequate internal controls permitted the undeposited collections to go unnoticed.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Athletic Ticket Office (Ticket Office) to collect, record, and deposit proceeds from the Hawkeye Express. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors or irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Ticket Office's internal controls over the handling of Hawkeye Express collections.

- (A) Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. During our investigation, we determined Ms. Willier was responsible for ensuring she or other Ticket Office staff:
- Prepared the change fund and tickets for each game.
 - Delivered the change fund and tickets to the Coralville Police Department (CPD).
 - Picked up the collections and unsold tickets from the CPD after the game.
 - Counted the cash collections from the sale of tickets at the Depot on home game days.
 - Prepared the deposit for the collections in a timely manner.
 - Recorded the deposit in the University's accounting system.
 - Delivered the collections to the bank for deposit.

In addition, a reconciliation was not performed between the tickets sold for each game to the amount deposited until the 2012 season. As a result, cash improperly withheld from a deposit and unauthorized changes to collection records would not be identified.

Recommendation – Collections should be counted and the deposit should be prepared by someone not responsible for recording the deposit in the University's accounting system or the deposit to the bank. In addition, reconciliations should be prepared by someone independent of collecting receipts from the Hawkeye Express and reconciling the tickets sold to the actual deposit.

- (B) Cash Handling – The Depot is provided a cash drawer at the beginning of each game day which includes change to be used for ticket sales. During the day, all cash collected is to be placed in the cash box. The cash box is collected at the end of the event and returned to the CPD. The next business day, the cash is to be picked up by Ticket Office staff and delivered to the Ticket Office where the deposit is prepared. We identified the following concerns with the cash handling procedures:

- There is no cash count performed prior to the cash being picked up by the CPD. Because a cash count is not performed at the Depot, there is no predetermined amount for the Ticket Office to reconcile the deposit to and ensure all funds received are deposited.
- The forms used by the CPD to track the receipt and release of the cash and tickets are not complete. They do not always include the signature of the individual dropping off the change fund and tickets, the person receiving the change fund and tickets on game day, the officer receiving the collections and tickets at the end of the day, and the individual who picks up the collections from the CPD.

Recommendation – The University should implement procedures to ensure cash is counted at the Depot after each game. This amount should be compared to the amount received and deposited by the Ticket Office. Any variances between the amounts should be investigated in a timely manner.

- (C) Deposit – The University's Cash Handling Deposit Procedures requires "Deposits should be hand delivered directly to a US Bank location or one of the designated drop off locations on campus at least weekly or when the total on hand reaches \$500."

We identified deposits were made between 3 days and 157 days after the game. The average number of days between game days and deposit was 18 days. Because cash collected exceeded the \$500.00 threshold, a deposit should have been made on the same day the cash was picked up from the CPD.

Recommendation – The University should implement procedures to ensure cash is deposited timely after each game.

Exhibit

Exhibit A

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Hawkeye Express Deposits for the Period July 1, 2005 through November 23, 2013

Game Day	Opponent	Game Day Attendance	Ridership~	Deposit Date	Number of Days Between Game and Deposit	Deposit Amount	Average Amount per Rider
09/03/05	Ball State	64,446	NA	09/13/05	10	\$ 17,940.00	-
09/17/05	Northern Iowa	65,808	NA	09/22/05	5	14,830.00	-
10/01/05	Illinois	65,207	NA	10/21/05	20	14,580.00	-
10/15/05	Indiana	64,964	NA	11/11/05	27	19,150.00	-
10/22/05	Michigan	65,483	NA	11/30/05	39	14,170.00	-
11/19/05	Minnesota	65,981	NA	04/25/06	157	13,391.55	-
2005 Season		391,889				94,061.55	
09/02/06	Montana	64,303	NA	09/18/06	16	20,900.00	-
09/16/06	Iowa State	63,789	NA	09/29/06	13	25,720.00	-
09/30/06	Ohio State	65,321	NA	10/06/06	6	20,020.00	-
10/07/06	Purdue	64,626	NA	10/12/06	5	18,270.00	-
10/28/06	Northern Illinois	63,925	NA	11/02/06	5	15,950.00	-
11/04/06	Northwestern	62,801	NA	11/10/06	6	15,350.00	-
11/11/06	Wisconsin	65,046	NA	11/20/06	9	13,760.00	-
2006 Season		449,811				129,970.00	
09/08/07	Syracuse	62,940	NA	09/21/07	13	20,260.00	-
09/29/07	Indiana	64,325	NA	10/08/07	9	20,490.00	-
10/13/07	Illinois	64,516	NA	10/25/07	12	16,910.00	-
10/27/07	Michigan State	64,331	NA	11/02/07	6	17,240.00	-
11/10/07	Minnesota	64,787	NA	11/14/07	4	18,870.00	-
11/17/07	Western Michigan	62,983	NA	11/21/07	4	19,230.00	-
2007 Season		383,882				113,000.00	
08/30/08	Maine	66,409	4,325	09/11/08	12	23,490.00	5.43
09/06/08	Florida Intl.	66,436	4,147	09/18/08	12	22,720.00	5.48
09/13/08	Iowa State	66,933	4,402	09/18/08	5	28,320.00	6.43
09/27/08	Northwestern	66,350	3,574	09/30/08	3	21,040.00	5.89
10/18/08	Wisconsin	67,024	3,314	10/28/08	10	19,900.00	6.00
11/08/08	Penn State	67,711	3,832	11/13/08	5	20,540.00	5.36
11/15/08	Purdue	65,599	3,977	11/19/08	4	20,340.00	5.11
2008 Season		466,462	27,571			156,350.00	

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Game Day	Opponent	Game Day Attendance	Ridership~	Deposit Date	Number of Days Between Game and Deposit	Deposit Amount	Average Amount per Rider
09/05/09	Northern Iowa	68,085	4,815	09/14/09	9	27,020.00	5.61
09/19/09	Arizona	68,092	4,135	09/30/09	11	23,515.00	5.69
10/03/09	Arkansas State	66,020	4,242	10/12/09	9	25,470.00	6.00
10/10/09	Michigan	68,388	3,623	10/16/09	6	21,580.00	5.96
10/31/09	Indiana	67,898	4,326	11/05/09	5	28,505.00	6.59
11/07/09	Northwestern	68,332	4,095	11/16/09	9	25,810.00	6.30
11/21/09	Minnesota	68,350	4,035	11/27/09	6	25,310.00	6.27
2009 Season		475,165	29,271			177,210.00	
09/04/10	Eastern Illinois	67,630	4,907	09/30/10	26	32,370.00	6.60
09/11/10	Iowa State	67,610	4,633	- ^	- ^	-	- ^
09/25/10	Ball State	67,539	4,931	10/14/10 /	19	58,520.00	6.11 ^
10/02/10	Penn State	67,886	4,097	11/15/10	44	27,780.00	6.78
10/23/10	Wisconsin	68,011	3,948	11/29/10	37	29,880.00	7.57
10/30/10	Michigan State	67,740	4,114	01/06/11	68	26,060.00	6.33
11/20/10	Ohio State	67,907	4,037	01/31/11	72	24,970.00	6.19
2010 Season		474,323	30,667			199,580.00	
09/03/11	Tennessee Tech	67,483	5,240	-	-	-	-
09/17/11	Pittsburgh	67,767	4,282	10/19/11	32	33,330.00	7.78
09/24/11	LA-Monroe	67,210	4,918	10/24/11	30	24,540.00	4.99
10/15/11	Northwestern	68,245	4,029	10/26/11	11	27,180.00	6.75
10/22/11	Indiana	67,819	4,321	11/02/11	11	36,290.00	8.40
11/05/11	Michigan	68,048	3,885	11/10/11	5	27,050.00	6.96
11/12/11	Michigan State	68,223	4,068	-	-	-	-
2011 Season		474,795	30,743			148,390.00	
09/08/12	Iowa State	68,091	4,744	09/14/12	6	37,638.00	7.93
09/15/12	Northern Iowa	67,948	5,532	09/20/12	5	38,004.00	6.87
09/22/12	Central Michigan	67,417	4,925	09/27/12	5	32,869.75	6.67
09/29/12	Minnesota	67,592	3,912	10/16/12	17	28,066.00	7.17
10/20/12	Penn State	68,181	3,606	10/26/12	6	26,551.00	7.36
11/10/12	Purdue	67,212	3,692	12/06/12	26	26,318.00	7.13
11/23/12	Nebraska	67,059	3,266	12/21/12	28	25,670.00	7.86
2012 Season		473,500	29,677			215,116.75	

Exhibit A

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Game Day	Opponent	Game Day Attendance	Ridership~	Deposit Date	Number of Days Between Game and Deposit	Deposit Amount	Average Amount per Rider
08/31/13	Northern Illinois	64,529	3,879	09/04/13	4	28,773.90	7.42
09/07/13	Missouri State	61,581	4,036	09/09/13	2	27,078.00	6.71
09/21/13	Western Michigan	63,919	4,587	09/25/13	4	31,511.00	6.87
10/05/13	Michigan State	65,908	3,947	10/06/13	1	26,849.00	6.80
10/26/13	Northwestern	64,015	4,000	10/28/13	2	26,037.00	6.51
11/02/13	Wisconsin	67,272	4,303	11/04/13	2	28,557.00	6.64
11/23/13	Michigan	63,301	3,065	11/25/13	2	21,934.00	7.16
2013 Season		450,525	27,817			190,739.90	
Total		4,040,352	175,746			\$ 1,424,418.20	

^ - The deposit on 10/14/10 appears to include the proceeds from both the Iowa State and the Ball State game days.
The average amount per rider shown was calculated using the number of riders for both games.

~ - Ridership includes both paying and nonpaying riders.


NA - Ridership information was not available for this period.

Report on Special Investigation of the
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Staff

This special investigation was performed by:

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